



Tourism & Events Department
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To: Linda Dillenbeck, Vice Chairperson
Tourism Development Commission

From: Karen Churchard, Director

Date: March 20, 2018

Subject: Out of Budget FY 2018/19 Operating Budget Request

Attached is the Tourism & Events Department's (TED) UPDATED request for FY 2018/19 Operating Budget Tourism Development Carryover funds (Item 5a), which continues the work set forth by the Tourism Strategic Plan through the Tourism Advisory Task Force and Tourism Development Commission (TDC).

Following recent meetings with the Treasurer's and City Manager's Offices, staff was directed to reduce the number of categories for downtown expenses and also to add items to the Out of Budget request pertaining to Canal Convergence, Downtown Scottsdale 2.0 Economic Development recommendations for small business, and Scottsdale's Museum of the West. New requests are noted on the attached Item 5a with an "X" under the first column titled "New TDC."

Initially, staff noted in December that funding for the November 2018 Canal Convergence would be requested collaboratively with the City and Scottsdale Public Art at a future TDC meeting. That discussion will take place at the same March 20 meeting prior to this Item being discussed.

Finally, the second attachment (Item 5b) is the current year FY 2017/18 Adopted Budget, which includes a Five Year Financial Forecast. For purposes of discussion, I felt this would be useful to review the Operating Transfer Out budget as well as the Ending Fund Balance.

Staff is seeking recommendations from the TDC to include in the proposed FY 2018/19 Operating Budget, which will be presented to City Council on Regular Agenda at their April 17 Council meeting.

Attachments:

- Item 5a Updated Out of Budget FY 2018/19 Operating Budget
- Item 5b Tourism Development Fund Five Year Financial Forecast

285 - Tourism Development Budget - FY 2018/19 Request

Item 5a

New TDC	Description	FY 2018/19 Request	Justification	2017/18 Budget
	Downtown Marketing			
	Ad Agency Work	\$ 100,000	Ongoing creative for brand development, advertising, website.	\$ 80,000
	Brand (Old Town) Advertising	\$ 150,000	Campaign to visitors that are in-market and Great Phoenix Metropolitan residents. Visitors in market campaign is January-March; Residents campaign is April-October.	\$ 100,000
	Brochure / Map	\$ 50,000	The City annually produces a Downtown Directory through a vendor. The contract has expired. The City plans to create a more simplified map for distribution to hotels, airports, downtown kiosks in FY 2018/19.	\$ -
	Event Promotions & Buys			
	Scottsdazzle	\$ 60,000	Advertising buy to promote Scottsdazzle for six weeks.	\$ 60,000
	Western Week	\$ 40,000	Online advertising, PR/Media, commemorative posters.	\$ 40,000
	Spring Training	\$ 15,000	Online promotional buy and commemorative posters.	\$ 10,000
X	Districts Matching Marketing Fund (New Program Request)	\$ 100,000	New program to enhance marketing of neighborhood districts. Fund would be a 50/50 match with associations that must collaborate with tourism industry, public art, and all tourism-related businesses within their neighborhood.	
	Brand Research & Launch	\$ -	Brand Outlook research focused on consumers and merchants; launch event January 2018.	\$ 100,000
		\$ 515,000		\$ 390,000
	Downtown Event Activation			
	Scottsdazzle	\$ 300,000	In Event operations and implementation; budget exclusive of creative and advertising.	\$ 300,000
X	Canal Convergence (Includes original temporary art request of \$255,000. Net request = \$525,000)	\$ 750,000	Expenses related to the 10-day Canal Convergence that moves to November 2018 as the City's destination event. This represents 66% of the total budget.	\$ 650,000
	Western Week	\$ 100,000	Event creation and supplemental for existing events. The City is collaborating with the 22 Arizona tribes to create Arizona Indian Festival and investing \$60,000. It is our intention that this could become an annual event as part of Western Week. Remaining budget could support additional aspects of other Western Week events.	\$ 100,000

285 - Tourism Development Budget - FY 2018/19 Request

Item 5a

New TDC	Description	2018/19 Request	Justification	2017/18 Budget
	Spring Training	\$ 10,000	Potential events through Cactus League and/or San Francisco Giants.	\$ 10,000
	Seasonal Entertainment	\$ 75,000	This investment began in Year 1 of the Tourism Strategic Plan and has continued for all five years. Request by TATF and staff is to continue seasonal entertainment annually.	\$ 85,000
	Production & Staffing	\$ 150,000	Year three of three year contract with vendor to provide operational and production support of three events annually.	\$ 141,600
		\$ 1,385,000		\$ 1,286,600
	Downtown General			
	Décor & Wayfinding			
	Holiday Lighting	\$ 100,000	New request for additional holiday lighting / décor for Scottsdazzle.	\$ -
	Pedestrian Signage	\$ 250,000	New request; estimated cost for pedestrian signage.	\$ -
	Public Art			
	Canal Temporary Art - \$150,000 moved into full Canal Convergence request.	\$ -	To ensure a temporary installation remains in or above the Arizona Canal following Canal Convergence in November 2018 through March 2019.	\$ 150,000
	Scottsdazzle Art - \$75,000 moved into full Canal Convergence request.	\$ -	Either a new installation or retain a Canal Convergence installation as part of Scottsdazzle similar to Los Trompos in 2016 and Prismatic in 2017.	\$ 75,000
	Small Business Programs		Small Business Training and Mentorship Provider	
X	Technical Assistance Matching Grant Program (New Economic Development Program based on recommendation in the Downtown Scottsdale 2.0 Study.)	\$ 100,000	Downtown Scottsdale 2.0 Recommendation. Grant programs for businesses and/or property owners for project development costs, often capped at a percentage of the private investment amount or a nominal dollar figure. Funds could also be used for legal, architectural, engineering and other support initiatives. This type of technical assistance program is currently in place in Phoenix. Criteria for awarding grants to be established. Programs can be designed to encourage adaptive reuse of existing vacant structures to help create desired density. A program could also be developed as a Tenant Assistance Program which can help a potential business (or developer) navigate various City requirements related to permitting and licensing, as well as interaction between tenant and building owner including the site selection and lease negotiation process.	

285 - Tourism Development Budget - FY 2018/19 Request

Item 5a

New TDC	Description	2018/19 Request	Justification	2017/18 Budget
X	Training and Mentorship Provider (New Economic Development Program based on recommendation in the Downtown Scottsdale 2.0 Study.)	\$ 10,000	This funding would ensure the program continues and/or could allow for expanded programs targeted to the needs of Downtown merchants, complementing the marketing efforts and infrastructure enhancements underway through other city departments.	
X	Video Promotion, Training Programs, Consultancy Services (New expanded Tourism & Economic Development Program)	\$ 24,000	Allows for video production at \$1,000 each, provides social media and marketing training to assist these businesses in leveraging the video tool resources to enhance their digital footprints and increasing direct marketing via social media.	
		\$ 484,000		\$ 225,000
	TOTAL DOWNTOWN INVESTMENT	\$ 2,384,000	TOTAL AMT: Includes In-Budget \$300,000 for Scottsdazzle	\$ 1,901,600
	Administration / Research			
	Additional Research	\$ 10,000	Additional budget to include a Longwoods International Return-To-Sample (RTS) study. The RTS study involves an extended interview with all respondents from the Longwoods International TRAVEL USA ® study who said they visited Scottsdale. Longwoods conducts an in-depth survey and analysis of the visitors actual Scottsdale experience.	\$ -
	Tourism & Events Department - FTE Marketing/PR/Events (New Position)	\$ 92,000	Part of Administration/Research allocation. This position would implement marketing and public relations strategies and plans as well as assist in event planning.	\$ -
X	Economic Development Department - FTE Economic Development Specialist (New Position)	\$ 74,852	Part of Administration/Research allocation. Economic Development Staff support for existing and new programs	\$ -
		\$ 166,852		\$ -
	Special Event Supports			
	Street Banner Program	\$ 20,000	Street operation hours charged to TED for installing banners for special events.	\$ 20,044
	Barricade Rentals	\$ 35,000	For major events such as Rock 'n' Roll Marathon.	
	Porta-John Rentals	\$ 20,000	With a lack of public restrooms within certain areas/districts in Downtown, support porta-john rentals for special occasion days and special events.	
	Other Rentals / Misc. Expenses	\$ 20,000	Support unbudgeted city services for special events; purchase street banner hardware, tents, etc.	
		\$ 95,000		\$ 20,044

285 - Tourism Development Budget - FY 2018/19 Request

Item 5a

New TDC	Description	2018/19 Request	Justification	2017/18 Budget
	Museum of the West			
X	Marketing & Advertising - Staff has requested SMoW to present at the April TDC meeting the actual marketing plan.	\$ 200,000	With a premiere destination as SMoW it is critical that this venue have marketing and advertising dollars to promote this gem in Old Town Scottsdale. Without a robust marketing and advertising campaign managed by an advertising agency, attendance will count to stagnate. There is a lot of potential, in the opinion of staff, that focusing on local residents as well as potential visitors nationally and internationally is critical to sustaining the museum.	\$ -
X	Matching Fund	\$ 400,000	Recommending that the matching payment program be reinstated between the City and the Museum of the West. The total amount of Match Payments would be \$400,000 annually. Requirements for the Match Payments would be the same as defined in the original Museum Management Agreement.	
	Education Programming	\$ -		\$ 500,000
		\$ 600,000		\$ 500,000
	TOTAL FY 2018/19 REQUEST	\$ 3,245,852	TOTAL FY 2017/18 BUDGET	\$ 2,421,644

**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT FUND
FIVE YEAR FINANCIAL FORECAST**

Item 5b

	Actual 2015/16	Adopted 2016/17	Approved 2016/17	Forecast 2016/17	Adopted 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22
Beginning Fund Balance									
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Undesignated, Unreserved Fund Balance	7,296,287	7,682,195	7,943,108	7,943,108	10,171,579	12,069,268	15,485,968	19,241,668	23,324,668
Total Beginning Fund Balance	9,796,287	10,182,195	10,443,108	10,443,108	12,671,579	14,569,268	17,985,968	21,741,668	25,824,668
Revenues									
Transient Occupancy Tax	17,396,331	18,714,000	18,714,000	18,838,333	19,441,159	20,063,300	20,665,200	21,285,100	21,923,700
Property Rental	1,531,012	1,618,667	1,618,667	1,618,667	1,667,227	1,708,900	1,743,100	1,760,500	1,778,100
Miscellaneous	19,017	20,500	20,500	18,000	20,500	20,500	20,500	20,500	20,500
Subtotal	18,946,360	20,353,167	20,353,167	20,475,000	21,128,886	21,792,700	22,428,800	23,066,100	23,722,300
Total Sources	18,946,360	20,353,167	20,353,167	20,475,000	21,128,886	21,792,700	22,428,800	23,066,100	23,722,300
Expenditures									
Destination Marketing Contract	8,698,166	9,357,000	9,357,000	9,419,166	9,720,580	10,031,600	10,332,600	10,642,500	10,961,800
Event Retention and Development	991,014	1,200,000	1,200,000	1,000,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Hospitality Trolley/Banner Program	17,455	327	327	18,000	20,500	20,500	20,500	20,500	20,500
Mayor and Council Support - Bed Tax ^(a)	75,000	75,000	75,000	75,000	-	-	-	-	-
Tourism Dev One Time Commitments	169,089	500,000	500,000	50,000	500,000	500,000	500,000	500,000	500,000
Tourism Development - Bed Tax	436,642	500,000	505,700	500,000	488,336	482,400	473,000	463,200	456,900
Tourism Development Carry-over	674,457	1,815,354	1,815,354	800,000	1,551,354	631,000	631,000	631,000	631,000
Trolley-Downtown Tourism Fund ^(b)	300,000	300,000	300,000	300,000	-	-	-	-	-
Operating Projects	-	-	1,125,628	875,628	250,000	-	-	-	-
Citywide Pay Program/Citywide Pay Program Tail	-	5,164	-	-	8,664	17,500	26,800	36,400	42,600
Subtotal	11,361,823	13,752,845	14,879,009	13,037,794	13,739,434	12,883,000	13,183,900	13,493,600	13,812,800
TOTAL OPERATING BUDGET	11,361,823	13,752,845	14,879,009	13,037,794	13,739,434	12,883,000	13,183,900	13,493,600	13,812,800
Transfers Out									
Operating Transfer Out ^(b)	1,500,875	1,500,000	1,500,000	1,500,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Transfer Out - CIP	1,846,900	-	-	119,372	-	-	-	-	-
Transfer Out-Debt Svc MPC Bonds	3,589,941	3,589,363	3,589,363	3,589,363	3,591,763	3,593,000	3,589,200	3,589,500	3,593,900
Subtotal	6,937,716	5,089,363	5,089,363	5,208,735	5,491,763	5,493,000	5,489,200	5,489,500	5,493,900
Total Uses	18,299,539	18,842,208	19,968,372	18,246,529	19,231,197	18,376,000	18,673,100	18,983,100	19,306,700
Sources Over/(Under) Uses	646,821	1,510,959	384,795	2,228,471	1,897,689	3,416,700	3,755,700	4,083,000	4,415,600
Ending Fund Balance									
Operating Contingency	2,500,000	2,500,000	1,255,000	1,192,834	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Undesignated, Unreserved Fund Balance	7,943,108	9,193,154	9,572,903	11,478,745	12,069,268	15,485,968	19,241,668	23,324,668	27,740,268
Total Ending Fund Balance	10,443,108	11,693,154	10,827,903	12,671,579	14,569,268	17,985,968	21,741,668	25,824,668	30,240,268

^(a) Council authorized \$0.1 million of Tourism Development Funds to be dedicated to the Global Ties contract. Beginning FY 2017/18 this contract will be funded with General Funds.

^(b) Council has authorized \$0.3 million of Tourism Development Funds to be dedicated to the downtown trolley. Previously, the Transportation Department was charging the Tourism Development Fund directly for his program. However, beginning in FY 2017/18, the preference is to transfer Tourism Development Fund to the Transportation Department, which will allow for better monitoring at the fund level. Effectively, this has no change in funding or amount budgeted.